

MORRIS COUNTY FARM SERVICE AGENCY

Phone: (620) 767-5111

August 2006

Office Hours: 8:00 – 4:30



County Executive Director
Chris McAfee

Committee Meeting
1st Thursday of each month, 9:00 a.m.

County Committee
Leland Zerbe, Chairperson
Tony Carl, Vice-Chairperson
Samuel Euler, Member
Irma Disberger, Advisor

Commodity Loans

Loan Deficiency Payments LDP's

Producers can take advantage of low interest rates by obtaining 9-month commodity loans through the Farm Service Agency. In order to be eligible for these loans, individuals or entities must have complied with annual program requirements, such as the following, throughout the entire crop year:

- reporting acreage for applicable crops, completing FSA-578
- completing AD-1026
- completing CCC-502
- no delinquencies on any Federal non-tax debt

Eligible producers, who do **not** obtain a Commodity Credit Corporation loan, are eligible to receive a direct payment for eligible commodities. LDP's are direct payments to producers, (who apply and are eligible), when the PCP falls below the County Loan Rate.

Last year, the Farms Service Agency developed the CCC-633 EZ form to replace the old CCC-709 and CCC-633-LDP forms. The EZ form is a two-part LDP request that allows producers to (1) indicate their intentions to receive LDP benefits before losing beneficial interest in the eligible commodity, and (2) submit a request for an LDP payment at any time during the loan/LDP availability period. This may be done before or after losing beneficial interest.

By signing the first page of the EZ form, the producer indicates his or her intentions to receive LDP benefits. This one page covers all counties and all eligible harvested commodities for the entire crop year for the individual, joint operation or entity identified on the form. Once the first page of the form has been signed and submitted, the producer can submit an LDP request for payment by completing page 2 for all harvested commodities. The LDP request can be submitted at any time during the loan availability period, before or after losing beneficial interest. The key point is, page 1 of the EZ form must be signed before losing beneficial interest in the commodity.

Commodity	Loan Rate
Wheat – Hard Red Winter \$/bu	\$2.81
Oats \$/bu	\$1.34
Corn \$/bu	\$2.01
Grain Sorghum \$/cwt	\$3.20
Soybean \$/bu	\$5.00

Commodity loans can be repaid anytime prior to maturity, without penalty. The loan can also be repaid using the Posted County Price (PCP). Taking advantage of a PCP that is lower than the Loan Rate is referred to as a, “market gain”.

Eligible producers have the option of taking either Farm-Stored Loans or Warehouse Stored Loans.

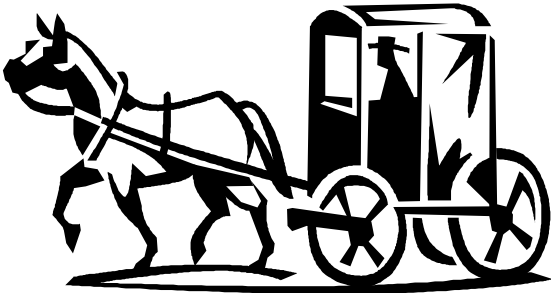
Farm-Stored Loans:

- The rate which will be applicable to their loan is the rate effective for the county in which the commodity is stored.
- Must request a measurement service or certify the loan quantity by completing a CCC-666 form.

Warehouse Stored Loans:

- Similar to the farm-stored loans, warehouse stored loan rates are based on the county in which the commodity is actually stored.
- Warehouse receipt must be obtained and brought to the FSA Office and storage must be paid for nine months. The amount the loan will be payable for is 100% of the net quantity on the warehouse receipt.

A lien search, including Federal and State tax liens, will be performed in the Secretary of State's Office for all loans after the loan request is filed and before the loan can be approved. The producer must obtain all necessary lien waivers (CCC-679) before the loan can be disbursed.





Farm Storage Facility Loans

Seven-year Farm Storage Facility Loans are available to purchase and install eligible storage facilities, to permanently affix drying or handling equipment, safety equipment or to remodel existing facilities. Real estate liens are required for loans that exceed \$50,000. Loans are secured with a promissory note and security agreement. The maximum amount that may be borrowed is 85% of the net cost, up to \$100,000 for each borrower. A 15% down payment is also required. For more information on eligibility contact your local county office.

Record Changes

If you have bought, sold or are renting different land, make sure you report the changes as soon as possible after they occur. For farm ownership changes you will need to provide a recorded deed or land contract. Failure to maintain accurate records with FSA on all land you have an interest in could lead to possible ineligibility for USDA benefits.

County Committee Election

This fall, producers in LAA-3, the southwest portion of the county, will hold its election. LAA-3 consists of townships 7, 8, and 9. Each County Committee (COC) member is elected by the eligible producers in their area. They are responsible for administering several FSA programs at the county level and determining producer eligibility for many of them, including DCP, price support and farm loan programs, and conservation and disaster programs.

Direct Payment Changes

There has been a change in the way the direct DCP payments are earned. Since 2/8/06, the option to receive part of the payment in advance is now 40% with the final 60% to be received in October, 2006. For the 2007 crop year, producers will have the option to receive an advance payment of up to 22% of the total direct payment. The total value of the direct payment does not change. Producers will still receive the balance of the direct payment in October of the program year.

Foreign Investors

Foreign investors who buy, sell, or hold a direct interest in U.S. agricultural land must report their holdings to the FSA office in the county where the land is located. Those buying or selling must report the transaction within 90 days of the date of the transaction.

Thank you for your time and consideration and please feel free to contact the Morris County FSA Office with any issues concerning this newsletter or other questions.

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